

Confidential Claim Retracted

Authorized by: SE

Date: 6/25/13

April 14, 1982

Memorandum

To: Files

From: District Mining Supervisor, Albuquerque District

Subject: March 25, 1982, meeting with Anaconda Minerals Company to discuss technical aspects of increasing performance bond for Jackpile-Paguate Mine

Anaconda: Bob Lynn and Jerry Fleming

MMS: Ray Brady, Marc Nelson, Dale Jones

Basically, Anaconda has two questions about increasing existing performance bond to \$60 million:

1. the basis for the increased bond amount?  
regulations don't allow arbitrary determination of bond amount - Lynn
2. bond increase seems to be due to Anaconda's withdrawal of original reclamation plan  
Anaconda understands the problem the withdrawal caused the MMS, but believes that its agreement with the Pueblo of Laguna regarding post-lease rights and obligations is binding and more effective than increased bond; generally Anaconda feels bond increase is slap at ARCO's reputation - Lynn

MMS based request for increased bond on gross estimates using original reclamation plan and did not include costs for such items as decontamination of structures and reclamation monitoring.

MMS willing to discuss bond amount due to signing of agreement with Pueblo and submittal of new reclamation plan; however, discrepancies in new plan make it difficult for MMS to accurately compute costs for bond (primarily, discrepancies are between cross sections and plan maps and those require MMS to make more gross estimates)

cc:

DMN--Mining, SCR

Lease Corresp. Files: Laguna 1,4,8(3)

MP File: Anaconda Comp. Mine Plan (original)

Chrono

DCJones:cid 4/14/82: retyped from Carlsbad



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IMS will only discuss and explain basis for bond increase, if Anaconda is willing to compare volumes of materials and cost estimates.

Lynn will advise ARCO management of this approach and get back to IMS.

IMS asked about Anaconda's reaction to continued underground mining by Pueblo

Anaconda is open to anything and thinks Pueblo wise to consider this approach - Anaconda favors cash payment to Pueblo in lieu of reclamation (pit is resource to Pueblo)

Lynn doesn't think continued mining would cause Anaconda to withdraw plan again; however, Anaconda would want signed agreements with Pueblo (and approved by high level government official) to protect Anaconda (relieve of responsibility) in case operations conflicted with reclamation - here again possibility of cash payments

IMS hopes that Anaconda will work with IMS on any future conflicts with reclamation plan; resolution of conflicts by modification of plan rather than withdrawal

Lynn understands that Pueblo is studying possibility of continued mining - agrees to maintain pumps and ventilation at P-10 and P-13 Mines for 60 days more (until May 25); Anaconda doubts that IMS can require continual maintenance of pumps

Anaconda wants to discuss calculation of royalties for secondary recovery of uranium at Bluewater Mill

bonus royalty effective 1976 - tailings created afterward subject to bonus royalty (pre 1976 tailings not subject- royalties paid on contained pounds with no bonus)

how to determine portion of tailings (i.e., portion of uranium produced by secondary recovery) subject to bonus royalty?

IMS will inspect milling operations and discuss royalties with Anaconda April 1 at 10:00 a.m.

(COPY TO DALE C. JONES)

Dale C. Jones